

State of Arizona  
Senate  
Forty-eighth Legislature  
First Regular Session  
2007

## **SENATE BILL 1107**

### **AN ACT**

AMENDING TITLE 20, CHAPTER 4, ARTICLE 3, ARIZONA REVISED STATUTES, BY ADDING SECTION 20-846; AMENDING TITLE 20, CHAPTER 4, ARTICLE 9, ARIZONA REVISED STATUTES, BY ADDING SECTION 20-1079; AMENDING TITLE 20, CHAPTER 6, ARTICLE 4, ARIZONA REVISED STATUTES, BY ADDING SECTION 20-1383; CHANGING THE CHAPTER HEADING OF TITLE 20, CHAPTER 13, ARIZONA REVISED STATUTES, TO "ACCOUNTABLE HEALTH PLANS"; REPEALING THE HEADING OF TITLE 20, CHAPTER 13, ARTICLE 2, ARIZONA REVISED STATUTES; RENUMBERING SECTION 20-2341, ARIZONA REVISED STATUTES, AS 20-2333; AMENDING SECTION 20-2333, ARIZONA REVISED STATUTES, AS RENUMBERED; RELATING TO HEALTH INSURANCE POLICIES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:  
2 Section 1. Title 20, chapter 4, article 3, Arizona Revised Statutes,  
3 is amended by adding section 20-846, to read:

4       20-846. Individual policies; certain mandates excluded

5       NOTWITHSTANDING ANY STATUTE TO THE CONTRARY IN THIS ARTICLE, A HOSPITAL  
6 SERVICE CORPORATION, MEDICAL SERVICE CORPORATION OR HOSPITAL AND MEDICAL  
7 SERVICE CORPORATION MAY ISSUE A SUBSCRIPTION CONTRACT TO AN INDIVIDUAL THAT  
8 IS NOT SUBJECT TO THE REQUIREMENTS OF ANY OF THE FOLLOWING:

- 9       1. SECTION 20-461, SUBSECTION A, PARAGRAPH 17 AND SUBSECTION B.  
10      2. SECTION 20-826, SUBSECTIONS F, J, K, U, V, W, X AND Y.  
11      3. SECTION 20-841, SUBSECTION A.  
12      4. SECTIONS 20-841.01, 20-841.02, 20-841.03, 20-841.04, 20-841.06,  
13 20-841.07 AND 20-841.08.

14 Sec. 2. Title 20, chapter 4, article 9, Arizona Revised Statutes, is  
15 amended by adding section 20-1079, to read:

16       20-1079. Individual policies; certain mandates excluded

17       NOTWITHSTANDING ANY STATUTE TO THE CONTRARY IN THIS ARTICLE, A HEALTH  
18 CARE SERVICES ORGANIZATION MAY ISSUE AN EVIDENCE OF COVERAGE TO AN INDIVIDUAL  
19 THAT IS NOT SUBJECT TO THE REQUIREMENTS OF ANY OF THE FOLLOWING:

- 20       1. SECTION 20-461, SUBSECTION A, PARAGRAPH 17 AND SUBSECTION B.  
21      2. SECTION 20-1057, SUBSECTIONS K, L, Y, Z, AA AND BB.  
22      3. SECTIONS 20-1057.01, 20-1057.03, 20-1057.04, 20-1057.05 AND  
23 20-1057.08.

24 Sec. 3. Title 20, chapter 6, article 4, Arizona Revised Statutes, is  
25 amended by adding section 20-1383, to read:

26       20-1383. Individual policies; certain mandates excluded

27       NOTWITHSTANDING ANY STATUTE TO THE CONTRARY IN THIS ARTICLE, A  
28 DISABILITY INSURER MAY ISSUE A POLICY TO AN INDIVIDUAL THAT IS NOT SUBJECT TO  
29 THE REQUIREMENTS OF ANY OF THE FOLLOWING:

- 30       1. SECTION 20-461, SUBSECTION A, PARAGRAPH 17 AND SUBSECTION B.  
31      2. SECTION 20-1342, SUBSECTION A, PARAGRAPHS 11 AND 12.  
32      3. SECTION 20-1342, SUBSECTIONS H, I, J AND K.  
33      4. SECTION 20-1342.01.  
34      5. SECTION 20-1376, SUBSECTION A.  
35      6. SECTIONS 20-1376.01, 20-1376.02, 20-1376.03 AND 20-1376.04.

36 Sec. 4. Heading change

37       The chapter heading of title 20, chapter 13, Arizona Revised Statutes,  
38 is changed from "SPECIAL HEALTH INSURANCE PLANS" to "ACCOUNTABLE HEALTH  
39 PLANS".

1        Sec. 5. Heading repeal

2        The article heading of former title 20, chapter 13, article 2, Arizona  
3        Revised Statutes, is repealed.

4        Sec. 6. Section 20-2341, Arizona Revised Statutes, is renumbered as  
5        section 20-2333 and, as so renumbered, is amended to read:

6        20-2333. Small business health insurance plans: mandatory  
7        coverage exemption; definitions

8        A. A policy, subscription contract, contract, plan or evidence of  
9        coverage issued to ~~a~~ AN UNINSURED small business by a health care insurer is  
10      not subject to the requirements of any of the following:

11      1. Section 20-461, subsection A, paragraph 17 and subsection B.

12      ~~2. Section 20-826, subsection C, paragraph 1.~~

13      ~~3. 2. Section 20-826, subsections F, J, K, U, V, W, X and Y.~~

14      ~~3. SECTION 20-841, SUBSECTION A.~~

15      4. Sections ~~20-841~~, 20-841.01, 20-841.02, 20-841.03, 20-841.04,  
16      20-841.06, 20-841.07 and 20-841.08.

17      ~~5. Section 20-841.05, subsections B and E.~~

18      ~~6. 5. Section 20-1057, subsections C, K, L, Y, Z, AA and BB.~~

19      ~~7. 6. Sections 20-1057.01, 20-1057.03, 20-1057.04, 20-1057.05 and~~  
20      20-1057.08.

21      ~~8. Section 20-1057.02, Subsection B.~~

22      ~~9. Section 20-1342, subsection A, paragraph 8, subdivision (a).~~

23      ~~10. 7. Section 20-1342, subsection A, paragraphs 11 and 12.~~

24      ~~11. 8. Section 20-1342, subsections H, I, J and K.~~

25      ~~12. 9. Section 20-1342.01.~~

26      ~~10. SECTION 20-1376, SUBSECTION A.~~

27      ~~11. 11. Sections ~~20-1376~~, 20-1376.01, 20-1376.02, 20-1376.03 and~~  
28      20-1376.04.

29      ~~14. Section 20-1402, subsection A, paragraph 4, subdivision (a).~~

30      ~~15. 12. Section 20-1402, subsection A, paragraphs 7 and 8.~~

31      ~~16. 13. Section 20-1402, subsections H, I, J, K and L.~~

32      ~~17. Section 20-1404, subsection F, paragraph 1.~~

33      ~~18. 14. Section 20-1404, subsections I, Q, R, S, T and U.~~

34      ~~19. 15. Section 20-1406, SUBSECTION A.~~

35      ~~20. 16. Sections 20-1406.01, 20-1406.02, 20-1406.03 and 20-1406.04.~~

36      ~~21. 17. Section 20-1407.~~

37      ~~22. 18. Section 20-2321.~~

38      ~~23. 19. Section 20-2327.~~

39      ~~24. 20. Section 20-2329.~~

40      B. Section 20-2304, subsection B does not apply to a policy,  
41      subscription contract, contract, plan or evidence of coverage issued to ~~a~~ AN  
42      UNINSURED small business pursuant to subsection A of this section.

43      C. In this ~~article~~ SECTION, unless the context otherwise requires:

44      1. "Health care insurer" means a disability insurer, group disability  
45      insurer, blanket disability insurer, health care services organization,

1 hospital service corporation, medical service corporation or hospital and  
2 medical service corporation.

3 ~~2. "Small business" means a business that employed at least two but  
4 not more than twenty five persons at any time during the most recent calendar  
5 year and that has been uninsured for at least six months.~~

6 2. "UNINSURED SMALL BUSINESS" MEANS A SMALL EMPLOYER THAT DID NOT  
7 SPONSOR OR PROVIDE A HEALTH BENEFITS PLAN FOR AT LEAST SIX CONSECUTIVE MONTHS  
8 IMMEDIATELY PRIOR TO THE EFFECTIVE DATE OF COVERAGE PROVIDED PURSUANT TO THIS  
9 SECTION. THE UNINSURED REQUIREMENT OF THIS PARAGRAPH DOES NOT APPLY AT THE  
10 RENEWAL OF COVERAGE PROVIDED PURSUANT TO THIS SECTION.

11 Sec. 7. Retroactivity

12 This act is effective retroactively to from and after September 21,  
13 2006.